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Governor

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Environmental and Public  
Protection Cabinet

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Commonwealth of Kentucky  
**Public Service Commission**  
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Vice Chairman

Gregory Coker  
Commissioner

February 6, 2006

Mrs. Judy Cooper  
Director, Regulatory Police  
Columbia Gas of Kentucky  
P.O. Box 14241  
2001 Mercer Road  
Lexington, Kentucky 40512-4241

RE: January 30, 2006  
Informal Conference  
Case No. 2005-00446

Dear Madam:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Mr. Jeff Shaw of the Commission Staff at 502-564-3940, Extension 237.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

CC: Parties of Record

Attachment

Honorable Joe F. Childers  
Attorney at Law  
201 West Short Street  
Suite 310  
Lexington, KY 40507

Lawrence W. Cook  
Assistant Attorney General  
Office of the Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Judy M. Cooper  
Director, Regulatory Services  
Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
P. O. Box 14241  
Lexington, KY 40512-4241

Honorable Stephen B. Seiple  
Attorney at Law  
Columbia Gas of Kentucky, Inc.  
200 Civic Center Drive  
P.O. Box 117  
Columbus, OH 43216-0117

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Main Case File - Case No. 2005-00446  
**FROM:**  Jeff Shaw, Division of Financial Analysis  
**DATE:** February 6, 2006  
**SUBJECT:** January 30, 2006 Telephonic Conference

An informal conference held January 30, 2006 was attended by representatives of Columbia Gas of Kentucky, Inc. ("Columbia"), the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC") the Attorney General of the Commonwealth of Kentucky ("AG") and Commission Staff ("Staff"). The purpose of the conference was to discuss issues regarding Columbia's proposed allocation of excess revenues accumulated in the Revenue/Stranded Cost Recovery Pool established for its Customer Choice Program. The conference was scheduled in response to CAC's request. A list of the persons attending is attached hereto.

CAC commented on its understanding of the primary and alternative proposals included in Columbia's application. It also discussed possible uses of funds that could be allocated to low-income customers under the alternative proposal. CAC emphasized that, even with the added funds recently approved by both state and local governments, there remained a need for additional low-income assistance. According to CAC, the greatest benefit is from installing a high efficiency furnace along with weatherization which provides net benefit of about \$2,835 per household.

CAC stated that a customer refund under Columbia's proposal will be so small as to barely be noticed. Depending on the percentage refunded, the amount would likely be only \$10 - \$20. Per CAC, the alternative proposal would serve approximately 119 low-income households, less than 1% of the estimated 22,000 low-income households potentially eligible in Columbia's service area. CAC stated that a primary concern is the 850 participants in Columbia's Energy Assistance Program and that assisting all 850 would require roughly \$2.5 million.

Columbia expressed satisfaction with how CAC has administered the Energy Assistance Program since its implementation several years ago. It also expressed confidence in CAC's ability to adequately distribute any additional funds that might be approved under its alternative proposal in this case.

Informal Conference Memo  
Case No. 2005-00446  
February 6, 2006  
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Columbia, CAC and the AG then privately discussed various issues in this case, without Staff present. The parties agreed to continue discussions after the conference and to update Staff on those discussions via e-mail. The parties were reminded by Staff that any agreement or stipulation they might reach would need to address the issue of why the allocation of excess revenues in the Revenue/Stranded Cost Recovery Pool should be modified from what the Commission approved in Case No. 1999-00165, when it originally authorized the Customer Choice Program.

It was reiterated that February 7, 2006 was the due date for filing a request for formal hearing, or in the alternative, written comments. The parties were also reminded that this memorandum would be prepared and filed in the record of the case. After that, the conference was adjourned.

Attachment

**KENTUCKY PUBLIC SERVICE COMMISSION**  
**ATTENDEES – INFORMAL CONFERENCE OF JANUARY 30, 2006**  
**COLUMBIA GAS OF KENTUCKY, INC. – CASE NO. 2005-00446**

NAME	WITH
Jeff Shaw	PSC - FIN. ANALYSIS
Larry Coch	AG / ORF
Dennis Howard II	DAG
Smitty Taylor	CKY
Joe Kelly	CKY
Judy Cooper	Columbia Gas
STEVE SELPLE	COLUMBIA GAS
JACK BURCH	CAC
Jon Pake	CAC
Joe Childers	CAC
Almita Mitchell	PSC - legal division
Aaron Drummond	PSC - Financial Analysis
Dawn McGee	PSC - Financial Analysis